

Special Accounts Senior Management Committee Meeting
Meeting Notes and Action Items
January 12, 2012 10am – 12pm
Ariel Rios North, Room 5530

Attendees in Person:

Jim Woolford, OSWER/OSRTI/IO
Tracey Stewart, OSWER/OSRTI/IO
Elliott Gilberg, OECA/OSRE
Patricia Mott, OECA/OSRE/RSD
Manuel Ronquillo, OECA/OSRE/RSD
Hollis Luzecky, OECA/OSRE/RSD
David Bloom, OCFO/OB
Laura Ripley, OCFO/OB
Steve Silzer, OCFO/OFM
Jeanne Conklin, OCFO/OFM
Nikki Robinson, OCFO/OFM
Rishi Das, Booz Allen Hamilton (contractor support)

Attendees via phone:

Patty Bettencourt, Region 4
Paula Painter, Region 4
Anita Davis, Region 4
Mel Visnick, OCFO/OFS
Walter Mugdan, Region 2
Greg Luebbering, OCFO/OFS/CFC
Anthony Smaldon, Booz Allen Hamilton (contractor support)

Introduction

Jim Woolford opened the meeting and mentioned that the agenda would be reorganized because Elliott Gilberg had to depart from the meeting early. Jim then asked the attendees in the room and on the phone to introduce themselves.

Using Special Accounts for RCRA Corrective Action

The first topic discussed was using special accounts for Resource Conservation and Recovery Act (RCRA) corrective actions. Elliott Gilberg began by thanking the committee for their flexibility in rearranging the agenda and continuing discussions for this particular topic. Elliott provided a brief history of the issue, and then mentioned support from multiple regional RCRA Division Directors (DDs) for using special accounts to fund oversight at RCRA corrective action sites. The DDs' support is based on a goal established by the agency to have remedies selected at 95% of approximately 3,700 RCRA facilities by 2020. Elliott mentioned this being a challenging goal due to limited resources within the RCRA program.

Manuel Ronquillo continued the discussion by explaining a draft memorandum from the Office of General Counsel (OGC) that provides their opinion on the legalities surrounding the use of special accounts for RCRA corrective actions. Manuel briefly outlined the four scenarios OGC analyzed for the use of special account funds to further RCRA corrective actions. The four scenarios are:

- **Exemption 5 - Attorney-Client Privilege**

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After discussing the four scenarios listed above, Manuel asked how and in what form OGC should issue the memorandum, **Exemption 5 - Deliberative Process**

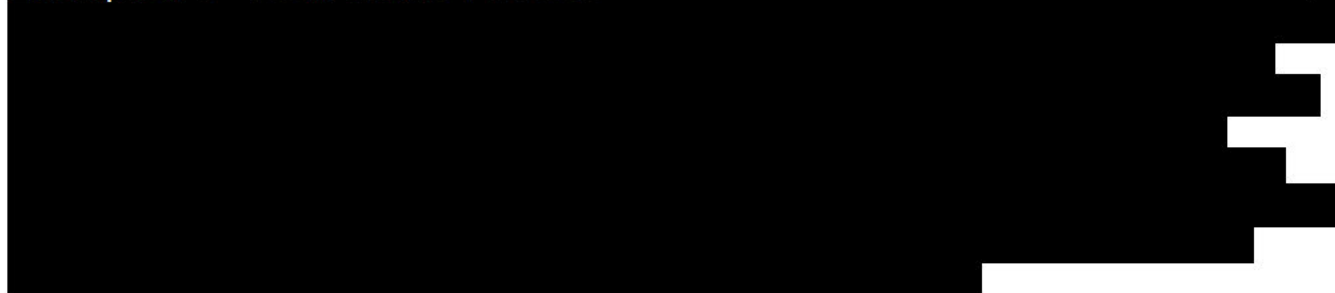
Exemption 5 - Attorney-Client Privilege

Elliott discussed next steps for the OGC memorandum. He suggested the committee request that OGC issue a memorandum focusing on what EPA can do, ultimately finalizing a version to send to the regions to use for guidance. **Exemption 5 - Deliberative Process**

Exemption 5 - Deliberative Process

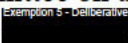



Exemption 5 - Deliberative Process



Exemption 5 - Deliberative Process

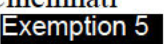


After further discussion on implementation, the committee decided that the next steps for the committee on this matter are for OSRE to research ways to obtain advice from other groups for Scenarios , and reconvene the committee via conference call to follow-up. The committee decided that Scenario  was not viable and would not be pursued any further.

Elliott left the meeting following the discussion on using special accounts for RCRA corrective action, with Patricia Mott acting as his proxy; the committee then moved back to the original order of topics listed in the meeting agenda.

Follow-up from August meeting (OSRTI and OCFO)

Interim Reclassification Process

Tracey Stewart discussed an interim reclassification process previously agreed upon by the committee. The interim reclassification process discussed with the Committee in August 2011 was that no reclassifications would be processed during the 1st quarter of Fiscal Year (FY) 2012; the Cincinnati Finance Center (CFC) will process all KV transactions during the 2nd quarter of FY 2012;  the Office of Financial Management (OFM) will work with staff to develop a new business process for executing reclassification actions. Tracey then briefly

described a proposed change to the process, that CFC will process all KV transactions in FY 2012. David Bloom suggested that CFC, OFM, OB, OSRTI, and the regional comptrollers form a team to deal with any bugs associated with the reclassification process in Compass. Tracey agreed and suggested using the already scheduled monthly calls with staff from the committee as a forum to discuss any issues. The regional representatives on the phone confirmed their support for forming such a team.

Follow Up on Compass/Exemption 5 - Deliberative Process

Laura Ripley described the transition to Compass, which went live on October 21, 2011. Exemption 5 - Deliberative Process

Laura explained a current issue related to charging time to prior year special account resources within PeoplePlus; she added that a fix was supposed to be available by January 10, 2012. Walter Mugdan raised concerns around the effort required to get staff to charge to special accounts and the counter productivity associated with asking those staff members to stop charging to special accounts due to the issue mentioned above. Walter then asked if the fix will be systemic. Laura responded that the special accounts community will likely need to remind the Office of Financial Services (OFS) towards the end of each fiscal year that prior years will need to be available for time charging so as to facilitate charging time to prior year special account resources. Walter stressed the importance of being able to charge time to special accounts due to diminishing resources. Laura agreed to an action item to communicate the message above to OFS by July 2012 to ensure that any changes to the system could be implemented before the beginning of the next fiscal year.

Exemption 5 - Deliberative Process

Laura also raised some potential future issues with respect to reclassifications. Since no reclassifications have been processed yet in FY 2012, it is currently unknown whether Compass will recognize decreasing transactions to old accounting elements. In addition, OFS is currently unable to move receipts between existing subaccounts of a site. Greg Luebbering mentioned that a change control form was submitted to address the issue, but did not know when the fix would be made. Jim inquired whether there is a centralized place where people can track submitted change requests for Compass. David Bloom responded that all requests should be routed through the EPA Call Center so a ticket can be generated and tracked until the ticket is closed.

Laura cited a final future issue with respect to tracking and utilizing multiple years of special account resources. Tracey explained that moving forward, special account resources will be aligned to the year they were collected rather than the current budget fiscal year they are being obligated (as was the case in the past), which could make for many more budget and accounting lines to obligate and expend funds in special accounts.

Jim suggested that the committee hold a conference call in 3 months to check in on Compass special accounts issues, if needed.

Follow-up from SF DD Discussion on Management of SAs (OSRTI)

Jim Woolford provided a follow up from the SF DDs' discussion to improve management and utilization of special accounts. He mentioned that efforts to improve management and utilization are underscored by the Congressional budget language issued with the FY 2012 budget. He explained that proposed recommendations were presented to the regional SF DDs on November 10th. Most of the regions were fine with the proposed recommendations. Region 6 provided a counter-proposal, which was not elaborated during the meeting. Jim went on to mention that OMB raised concerns over the large number of accounts with small balances.

The first proposal Jim described focused on accounts with more than \$1 million available or accounts with zero dollars obligated in the last five years. Jim explained that this proposal would require regional SF DDs to review the accounts mentioned above on an annual basis to ensure funds are being or will be utilized. He informed the group that OSRTI agreed to provide the regions with a report to facilitate those inquiries and suggested that the review process be integrated into the mid-year and end of year review cycles. Tracey Stewart noted that part of the reason for focusing on these accounts is that 90% of all special account funds are retained in a small number of special accounts. Jim added that these accounts present a good opportunity for charging payroll to special accounts. Additionally, Jim confirmed that there would be no certification required as part of the SF DDs review.

Jim described the second proposal, which focuses on how long regions should retain funds in special accounts. He recognized the fact that operation and maintenance (O&M), five-year reviews, and long-term remedial actions (LTRAs) may occur for many years. He raised the issue of the time value of money, using special account funds now for the program versus retaining the funds for uses in the future, and trying to find the appropriate balance. OSRTI proposed a timeframe of 15 years beyond site construction completion (CC) as a proposal for the SF DDs. **Exemption 5 - Deliberative Process**

[REDACTED]

[REDACTED] Tracey mentioned that there is a remedy optimization field in the Comprehensive Environmental response, Compensation, and Liability Information System (CERCLIS) to plan special account funds for that purpose. **Exemption 5 - Deliberative Process**

[REDACTED]

Jim then raised another issue, planning for five-year reviews that often will be required indefinitely. He again mentioned that the time value of money should be considered when evaluating this particular issue. He informed the group that funds would be available from the program's appropriated budget for five-year reviews if special account funds are reclassified or transferred to the general portion of the SF Trust Fund (Trust Fund) because these reviews are statutorily required. [REDACTED]

[REDACTED]

[REDACTED] He added that regions would have a limited option to retain funds beyond the stipulated timeframe based on certain site circumstances. Jim obtained concurrence from the regional representatives on the phone and moved on to the next proposed recommendation.

Jim described the next proposal, which focuses on closing accounts with available balances less than \$25,000. He noted that there is currently a similar focus on accounts with an available balance less than \$10,000, and that OSRTI recommends expanding that pool of accounts to include those with available balances less than \$25,000. He suggested integrating this effort into the mid-year and end of year review cycles. Steve suggested looking at unliquidated obligations associated with those accounts in conjunction with evaluating the accounts for closure.

Jim described a fourth proposal, which focuses on the use of special account resources before appropriated resources. David suggested requiring a conversation with the regions when regions request appropriated funds for remedial action at sites with special accounts. Jim responded that such a process already occurs, the process just needs to be codified. There were no objections to moving forward with this proposal.

Jim then discussed a final proposal, which focuses on the workload associated with special accounts review cycles. He noted that there are currently three review cycles that occur each year. The proposal would eliminate the planning update that occurs around July/August each year. In addition, the proposal would provide regions the opportunity to provide a written response to account-specific questions in lieu of conference calls with OSRTI and OSRE. OSRTI is already moving forward with implementation of this proposal.

Following discussion of the proposals, David asked if additional staff members can be assigned to sites with special accounts that have large balances in order to accelerate work at the site as well as obligation of the special account funds. Walter responded that there are technical limitations to speeding up cleanup and regular reimbursement of costs incurred by EPA that are deposited in the special account may prevent a reduction of the special account balance. Jim cited two sites where such is the case and added that there are certain capacity issues that serve as limitations as well.

Jim went on to describe the next steps: memorialize the agreed upon recommendations in a memorandum (signed by OSRTI and OSRE) to regional SF DDs and developing supporting reports. Tracey raised a concern regarding the development of new reports given the transition to Compass. Steve acknowledged Tracey's concern and noted that there is currently a workgroup focused on addressing Compass reporting issues.

Research & Next Steps on Establishment of Special Accounts and Deposits (OSRTI)

Tracey Stewart began by noting previous discussions on researching the establishment of and deposits into special accounts to identify any issues in this area of special account management. She noted that special accounts data from October 2011 were analyzed and current applicable guidance documents were also reviewed. Staff did not identify any glaring issues during the analysis. The analysis found that the majority of accounts and funds are associated with National Priorities List (NPL) sites, as expected. Tracey also noted that, based on stage of site cleanup, most accounts are at CC sites, but most of the funds are at sites where there is at least a study underway. She also noted, in regards to the stage of site cleanup at account inception, a majority of accounts were opened when there was a study underway, or a Remedial assessment had not yet begun. Additionally, she noted that 15 accounts were opened at sites after those sites had been deleted from the NPL and 214 accounts were opened at sites after those sites achieved CC status.

Tracey noted that account establishment has increased over time. She mentioned that the year with the largest number of accounts established was 2007 and she will continue to look into why that was the case. She mentioned that account utilization is higher in older accounts and lower in newer accounts, as expected. She also mentioned that there are instances where funds were deposited in accounts after reclassifications occurred at the associated sites.

Exemption 5 - Deliberative Process

Tracey summarized that there are no areas where significant or urgent issues need to be addressed; however, there are areas where the committee might want to focus some attention. Those areas include accounts established late in site cleanup, accounts with funds deposited after special account funds were reclassified, guidance on deposits into accounts, and previous guidance documents that use \$25,000 as a threshold for considering the establishment of a special account.

The committee agreed that next steps should be to provide best management practices to regions for managing deposits into special accounts, particularly for recurring oversight payments. Steve asked whether indirect costs should be deposited in special accounts. Tracey agreed that staff would follow up with Steve on his indirect costs question. Continuing, Tracey asked the committee whether accounts should be established at certain stages of site cleanup and whether a threshold should be set for establishing accounts.

While some discussions began regarding urgency on this topic, as well as the costs to establish accounts, Tracey suggested that the committee create a standard expectation that no account is opened at a deleted site. Patricia Mott noted that she agreed that a check-in would be ideal, allowing the regions to provide justification for opening special accounts at a site deleted from the NPL, after further analysis was done on the 15 accounts established after the site was deleted from the NPL. Jim agreed that a check-in would be appropriate as well, and could be included in the memorandum that will be issued to the regional SF DDs on management of special accounts. Jim Woolford then closed the meeting.

Tracey Stewart briefly noted the action items, asking others to add any items to the minutes when distributed. The next meeting is scheduled to occur in June 2012.

Action Items

Below is a list of action items identified during the meeting.

Item	Lead	Due Date
Establish team of CFC, OFM, OB, and OSRTI to keep track of reclassification issues in Compass	Tracey Stewart	January 2012
Check in with PeoplePlus to ensure system will not have issues with charging to prior year special account resources in FY 2013	Laura Ripley	July 2012
Hold a conference call with OTS to check in on Compass issues related to special accounts	Tracey Stewart	April 2012
Regroup with the committee regarding next steps around using special account funds for RCRA corrective action	Manuel Ronquillo	Before June 2012

Item	Lead	Due Date
Distribute a memorandum to regional Superfund DDs on recommendations for managing special accounts, including check in on deletion	Tracey Stewart	No established time frame
Check in with Gary Worthman and Vince Velez on the \$25,000 threshold	Manuel Ronquillo	No established time frame
Follow-up on indirect costs with OFM	Laura Ripley/Tracey Stewart/Nikki Robinson	No established time frame